

The Guarantee Company of North America

Incorporated Statutes of Canada 1851
Federally licensed since 1872



HOME OFFICE
MONTREAL

Fidelity and Surety Bonds
Fire and Casualty Insurance

The Company That Introduced Fidelity Insurance to North America

NINETY-EIGHTH ANNUAL REPORT

1970

The Guarantee Company of North America

PLACE DU CANADA
MONTREAL 101 — QUE.

MANAGING DIRECTOR

GEORGE A. SAVAGE, C. A.

DEPARTMENT HEADS

G. H. DOBLE	Guarantee — Surety
M. L. JONES	— Fidelity
J. A. LAPIERRE	Claims
G. G. MILNES	Accounts
A. SEMERJIAN	Property
B. SOUCHEREAU, A.I.C.	Inland Transportation Automobile, Liability

HOME OFFICE INSPECTORS

J. M. ALLARD	V. DOOLEY
B. HOLLINGSWORTH	R. OUELLET

BRANCHES AND SERVICE OFFICES

QUEBEC

QUEBEC — P. A. DESMARAIS, A.I.C. SHERBROOKE — R. DUPRAS
TROIS-RIVIÈRES — J. PAGÉ

ONTARIO

TORONTO — W. ADAM — Fire and Casualty
W. J. GARDNER — Surety & Fidelity
WOODSTOCK — T. L. BENNETT D. M. HANCOCK

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Ninety-Eighth Annual Report

of the Board of Directors

of

The Guarantee Company of North America

to the Annual General Meeting of Shareholders

on Thursday, 1st April, 1971

The Guarantee Company of North America

BOARD OF DIRECTORS

PIERRE CÔTÉ	Quebec
<i>President — Laiterie Laval Ltée</i>	
FRANK COWAN	Princeton
<i>President — Frank Cowan Company Limited</i>	
BRUNO DESJARDINS	Montreal
<i>Partner — Simard & Desjardins</i>	
DANIEL O'C. DOHENY, Q. C.	Montreal
<i>Partner — Doheny, Day, Mackenzie & Lawrence</i>	
H. CAMERON HAWKEN	Montreal
<i>Vice-President Finance — Marine Industries Limited</i>	
J. H. KENNEDY	Princeton
<i>Vice-President & General Manager — Frank Cowan Company Limited</i>	
R. B. LAWSON, Q. C.	Toronto
<i>Partner — Bassel, Sullivan, Holland & Lawson</i>	
J. R. MCLAUGHLIN	Princeton
<i>Director — Frank Cowan Company Limited</i>	
R. R. MCLELLAN, F. I. I. C.	Princeton
<i>Director — Frank Cowan Company Limited</i>	
W. J. MILHAUSEN, P. Eng.	Toronto
<i>Partner — Marani, Rounthwaite and Dick</i>	
G. W. MILLAR	Montreal
<i>President — Beclawat (Canada) Limited</i>	
G. A. SAVAGE, C. A.	Waterford

OFFICERS

G. W. MILLAR	<i>President</i>
FRANK COWAN	<i>Vice-President</i>
BRUNO DESJARDINS	<i>Vice-President</i>
GEORGE A. SAVAGE, C. A.	<i>Managing Director</i>
G. H. DOBLE	<i>Assistant Vice-President</i>
G. G. MILNES	<i>Controller</i>
DAPHNE L. CATLIFF	<i>Secretary</i>
MILDRED L. JONES	<i>Assistant Secretary</i>
D. M. CHADWICK	<i>Treasurer</i>

SOLICITORS: Doheny, Day, Mackenzie & Lawrence

AUDITORS: Riddell, Stead & Co.

TO THE SHAREHOLDERS:

This ninety-eighth Annual Report of the Company is submitted, on behalf of your Board of Directors, together with the audited statement for the year ended December 31, 1970.

The continuing growth of your Company is evidenced by the 13% increase in premium income and 22% increase in earned premiums, over the 1969 business.

Indications in the industry are that the year 1970 has been a difficult one, and your Company has had this experience. The high losses in automobile and property underwriting experienced in 1969 have continued during 1970, and were influenced by the inflationary drift. In addition to this continuing adverse trend, the surety and fidelity departments suffered some abnormal losses, which contributed to the underwriting loss.

The decision made early in 1970 to move the investment portfolio toward Bonds rather than Stocks has proven to be sound. Investments at cost have increased by \$801,554 to \$10,541,281. The market value as at December 31, 1970 amounted to \$9,271,437, an increase of \$1,024,402 over that of 1969. Subsequent to the year end the substantial improvement in the Bond market has further enhanced the portfolio. A higher yield on investments obtained, in part, during the year, will be more fully realized in 1971.

Your Company lost the valued services of a director in June, in the passing of Mr. D. W. McLean, M.C. Mr. McLean had given wise counsel to the Company for many years and will be greatly missed. Mr. J. P. Bassel, Q. C. resigned from the Board in June. Mr. Bassel had been a director for several years and always took a keen interest in the Company business and contributed greatly to its affairs. These two vacancies were filled by the appointment of Mr. R. R. McLellan, F. I. I. C. and Mr. G. A. Savage, C. A.

Early in February of 1971 Mr. J. Lorne Cooke resigned his position as General Manager. The Board is pleased to announce that Mr. George A. Savage, C. A. has been appointed to the position of Managing Director. Mr. Savage has been President and General Manager of the Duomatic of Canada group of Companies, and prior to this, was a senior partner in the chartered accountant firm of Waters, Savage, Horne and Ronson of Brantford and Simcoe, Ontario.

The coming year is approached with confidence, and a continued effort is being made to reduce the expense factor and improve the efficiency and service which will place the Company in a much improved position in 1971.

G. W. Millar,
President.

The Guarante Company of North America

BALANCE SHEET AS AT DECEMBER 31, 1970

(with comparative figures for 1969 and 1968)

	1970	1969	1968
Assets			
Cash	\$ 115,695	\$ 98,976	\$ 125,419
Cash held in trust	255,232	279,161	154,043
Short-term notes	—	—	—
Marketable securities at cost (Note 1)	10,259,462	9,387,717	8,261,745
Accrued interest receivable	163,039	120,007	105,098
Mortgage loans	281,819	352,010	393,202
Premiums receivable	1,213,109	1,068,455	866,400
Due from reinsuring and other insurance companies	206,616	174,650	43,888
Furniture, fixtures and automobiles at cost less accumulated depreciation	46,305	42,354	42,063
Sundry receivables	225,924	35,878	11,956
	<u>\$12,767,201</u>	<u>\$11,559,208</u>	<u>\$10,003,814</u>
Liabilities			
Bank loan	\$ 327,000	\$ 250,000	\$ —
Provision for outstanding claims and claims expense (including provision for unreported claims)	3,733,961	2,524,236	1,857,092
Special provision for guarantee bonds	299,285	213,166	170,300
Income and other taxes	37,127	41,245	46,482
Reinsurers' deposits held in trust	255,232	279,161	154,043
Other liabilities	337,337	613,525	671,067
Provision for unearned premiums	4,010,854	3,490,712	2,612,511
	<u>9,000,796</u>	<u>7,412,045</u>	<u>5,511,495</u>
Capital and Surplus			
Capital stock			
Authorized			
200,000 shares of \$5 each			
Issued			
133,720 shares	668,600	668,600	668,600
Earned surplus	1,810,805	2,191,563	2,971,719
Reserve for investments and other contingencies	1,248,000	1,248,000	800,000
Voluntary pension reserve for employees who retired prior to the establishment of Company pension plan	39,000	39,000	52,000
	<u>3,766,405</u>	<u>4,147,163</u>	<u>4,492,319</u>
	<u>\$12,767,201</u>	<u>\$11,559,208</u>	<u>\$10,003,814</u>

By order of the Board

Director

[Signature]

Director

[Signature]

The Guarantee Company of North America

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1970

(with comparative figures for 1969, 1968, 1967 and 1966)

	1970	1969	1968	1967	1966
NET PREMIUMS WRITTEN	\$7,455,000	\$6,568,804	\$5,017,349	\$2,993,942	\$2,151,972
Increase in provision for unearned premiums.....	520,140	878,201	905,697	478,936	133,498
Net premiums earned	6,934,860	5,690,603	4,111,652	2,515,006	2,018,474
Claims and claims expense	4,736,725	3,513,040	1,962,414	955,487	728,364
General operating expenses including commissions	3,070,065	2,902,665	2,292,134	1,514,128	1,149,016
Increase (decrease) in special provision for guarantee bonds	86,119	42,866	(16,649)	(1,390)	(14,148)
	<u>7,892,909</u>	<u>6,458,571</u>	<u>4,237,899</u>	<u>2,468,225</u>	<u>1,863,232</u>
UNDERWRITING (LOSS) PROFIT	(958,049)	(767,968)	(126,247)	46,781	155,242
Net investment income	617,407	543,160	373,398	326,523	282,434
(Loss) profit for the year before income taxes ...	(340,642)	(224,808)	247,151	373,304	437,676
Income taxes (Note 2)	—	—	—	(13,828)	64,700
NET (LOSS) PROFIT FOR THE YEAR.....	(340,642)	(224,808)	247,151	387,132	372,976
Gain on sale of subsidiary company shares	—	—	85,678	—	—
NET (LOSS) PROFIT FOR THE YEAR	<u>\$ (340,642)</u>	<u>\$ (224,808)</u>	<u>\$ 332,829</u>	<u>\$ 387,132</u>	<u>\$ 372,976</u>

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1970

BALANCE AT BEGINNING OF YEAR	\$2,191,563	\$2,971,719	\$2,743,738	\$2,699,339	\$2,563,290
Net (loss) profit for the year	(340,642)	(224,808)	332,829	387,132	372,976
Transferred from voluntary pension reserve	—	13,000	15,500	55,500	—
	<u>1,850,921</u>	<u>2,759,911</u>	<u>3,092,067</u>	<u>3,141,971</u>	<u>2,936,266</u>
Transferred to investment reserve	—	448,000	—	300,000	200,000
Dividends	40,116	120,348	120,348	80,232	80,232
Adjustment of prior years' profits and taxes	—	—	—	—	(43,305)
Organization expenses of U. S. subsidiary	—	—	—	18,001	—
	<u>40,116</u>	<u>568,348</u>	<u>120,348</u>	<u>398,233</u>	<u>236,927</u>
BALANCE AT END OF YEAR.....	<u>\$1,810,805</u>	<u>\$2,191,563</u>	<u>\$2,971,719</u>	<u>\$2,743,738</u>	<u>\$2,699,339</u>
Net (loss) profit per share	<u>\$(2.55)</u>	<u>\$(1.68)</u>	<u>\$2.49</u>	<u>\$2.89</u>	<u>\$2.79</u>
Paid per share	0.30	0.90	0.90	0.60	0.60

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1970

NOTE 1. Market value of securities as determined by the Insurance Department of Canada at December 31

1966	\$5,665,409
1967	6,127,985
1968	7,594,982
1969	8,206,563
1970	8,898,463

NOTE 2. The current year's tax loss \$675,000 results partly from claiming for tax purposes a provision for unearned premiums in excess of the amount recorded in the accounts. Losses available to offset taxable income aggregate approximately \$1,270,000, of which \$595,000 expires in 1974 and \$675,000 in 1975.

The accumulated amount of deferred income taxes resulting from the claiming for tax purposes of provisions for unearned premiums in excess of amounts recorded in the accounts is approximately \$522,000.

AUDITORS' REPORT

To The Shareholders of
The Guarantee Company of North America

We have examined the balance sheet of The Guarantee Company of North America as at December 31, 1970 and the statements of profit and loss and earned surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1970 and the results of its operations for the year then ended, in accordance with accounting principles and practices in compliance with insurance laws of Canada, applied on a basis consistent with that of the preceding year.

February 26, 1971

RIDDELL, STEAD & CO.

The Guarantee Company of North America

MARKETABLE SECURITIES HELD BY THE COMPANY

Bonds	Interest Rate	Year	Par Value	Market Value at 31/12/70
Abitibi Paper Co. Ltd.	7.25%	1987	\$ 25,000	\$ 21,250
"	9.75%	1990	50,000	51,250
Alberta Gas Trunk Line Co. Ltd.	5.5%	1985	25,000	18,438
"	5.75%	1985	25,000	18,625
"	9.75%	1990	200,000	212,000
Alberta, Province of.	8.75%	1990	100,000	104,750
"	8.875%	1990	100,000	106,000
Algoma Steel Corporation Ltd.	5.25%	1978	25,000	19,875
Avalon Telephone Co. Ltd.	7.0%	1991	50,000	38,500
Bank of Nova Scotia	7.0%	1987	25,000	21,250
Bell Canada	9.375%	1990	55,000	57,816
"	9.375%	1993	40,000	42,100
Bell Telephone Company of Canada	5.5%	1982	48,000	37,258
"	5.5%	1984	25,000	19,125
"	5.75%	1984	20,000	15,450
"	6.25%	1988	25,000	19,625
"	9.0%	1989	200,000	211,000
"	7.625%	1991	35,000	31,850
British Columbia Electric Co. Ltd.	5.125%	1988	20,000	14,200
"	5.5%	1989	25,000	18,750
British Columbia Forest Products Ltd.	6.5%	1992	50,000	34,935
British Columbia Telephone Co.	6.75%	1989	50,000	38,875
"	9.125%	1990	50,000	52,500
"	6.375%	1991	50,000	37,125
"	9.125%	1992	50,000	53,000
B. P. Refinery Canada Ltd.	5.75%	1986	30,000	21,600
Calgary Power Ltd.	5.75%	1982	25,000	18,688
"	9.375%	1990	100,000	102,500
Canada Cement Co. Ltd.	6.25%	1986	75,000	57,000
Canada, Government of.	5.5%	1976	425,000	418,625
"	3.25%	1979	100,000	79,000
"	4.5%	1983	210,000	172,725
Canadian National Railway Co.	4.0%	1981	50,000	39,250
Canadian Utilities Ltd.	5.5%	1986	25,000	16,813
"	5.625%	1990	50,000	32,750
Canadian Western Natural Gas Co. Ltd.	5.375%	1983	25,000	17,405
Consumers' Gas Co.	5.5%	1982	25,000	18,750
"	5.5%	1983	25,000	18,813
"	5.75%	1984	15,000	11,250
Credit Foncier Franco-Canadien	5.5%	1981	25,000	18,375
"	5.25%	1982	25,000	17,688
"	5.5%	1983	25,000	17,750
"	5.5%	1984	25,000	17,343
"	5.75%	1985	25,000	17,718
Dominion Foundries and Steel Ltd.	6.5%	1987	50,000	39,625
Dominion Steel & Coal Corporation Ltd.	5.75%	1984	22,500	15,890
Dominion Tar & Chemical Co. Ltd.	5.5%	1982	25,000	19,625
"	5.75%	1984	15,000	10,968
Domtar Limited	6.75%	1987	50,000	38,875
Dominion Textile Co. Ltd.	5.625%	1988	50,000	35,750
"	6.75%	1990	50,000	39,435
T. Eaton Acceptance Co. Ltd.	4.5%	1976	25,000	20,530
"	5.75%	1983	25,000	18,655
"	5.75%	1985	25,000	19,063
T. Eaton Realty Co. Ltd.	6.25%	1986	50,000	39,000
East Coast Smelting and Chemical Co. Ltd.	5.85%	1986	25,000	18,250
"	7.25%	1987	25,000	21,500
Federal Grain Ltd.	6.0%	1985	25,000	18,938
Gaz Metropolitain Inc.	6.0%	1980	19,000	14,820
"	5.75%	1985	7,100	4,899
General Motors Acceptance Corporation of Canada Ltd.	7.0%	1986	100,000	80,500
Gulf Oil Canada Ltd.	8.5%	1989	200,000	206,000
"	8.625%	1990	200,000	205,500
Hamilton, City of	6.0%	1979	25,000	21,250
Home Oil Co. Ltd.	6.25%	1983	21,000	16,065
Hudson's Bay Company	9.25%	1974	100,000	101,000
Hudson's Bay Oil and Gas Co. Ltd.	5.5%	1983	25,000	17,750
"	7.0%	1987	75,000	60,000
Hydro Electric Power Commission of Ontario	8.5%	1976	100,000	103,500
Imperial Oil Ltd.	7.375%	1988	25,000	21,625
Industrial Acceptance Corporation Ltd.	5.75%	1981	25,000	19,375
"	5.75%	1982	25,000	18,625
"	6.5%	1983	50,000	39,000
"	6.75%	1984	50,000	39,750
International Nickel Company of Canada Ltd.	9.25%	1990	75,000	79,875
Interprovincial Pipe Line Co.	5.5%	1985	50,000	35,750
John Labatt Limited	6.25%	1987	25,000	18,625
"	6.25%	1989	25,000	18,000
"	9.25%	1990	50,000	52,250
Laurentide Financial Corporation Ltd.	5.75%	1973	25,000	23,000
Lever Brothers Ltd.	6.0%	1985	25,000	18,500
Loblaw Groceries Co. Ltd.	4.0%	1975	25,000	20,125
"	6.0%	1977	14,000	11,620
Loblaw Leased Properties Ltd.	4.5%	1981	50,000	34,500
Manitoba Telephone Commission	5.5%	1982	25,000	21,093
Maritime Electric Co. Ltd.	5.75%	1981	25,000	18,750
Maritime Telegraph and Telephone Co. Ltd.	9.25%	1990	75,000	77,625
Miron Company Ltd.	6.0%	1990	25,000	16,750
Mobil Oil Canada Ltd.	7.5%	1988	50,000	43,500
Montreal, City of	4.0%	1975	30,000	24,750
"	5.75%	1988	25,000	16,813
"	5.75%	2004	25,000	16,250
New Brunswick, Province of	3.5%	1975	50,000	40,250
New Brunswick Telephone Co. Ltd.	6.5%	1986	50,000	39,500
"	9.25%	1990	100,000	103,000
Niagara Finance Co. Ltd.	7.25%	1972	50,000	48,500
"	5.75%	1985	25,000	18,063
Forward:			\$5,101,600	\$4,532,442

Bonds	Interest Rate	Year	Par Value	Market Value at 31/12/70
Brought forward			\$5,101,600	\$4,532,442
Noranda Mines Ltd.	7.5%	1988	100,000	86,250
" " " " " "	9.25%	1990	60,000	62,100
Northern and Central Gas Co. Ltd.	6.5%	1986	66,000	51,315
Northern Electric Co. Ltd.	6.25%	1986	75,000	58,215
" " " " " "	9.5%	1990	100,000	103,500
Northwestern Utilities Ltd.	5.75%	1988	10,000	8,900
Nova Scotia, Province of	5.5%	1984	25,000	19,125
Otis Elevator Co. Ltd.	7.0%	1986	50,000	40,500
Price Brothers & Co. Ltd.	5.75%	1982	50,000	38,500
Protestant School Board of Greater Montreal	5.5%	1981	25,000	18,688
Quebec Autoroutes Authority	5.75%	1989	25,000	17,563
Quebec Hydro-Electric Commission	5.5%	1982	25,000	18,155
" " " " " "	5.5%	1987	50,000	34,875
" " " " " "	5.5%	1988	25,000	17,313
Quebec Power Co.	6.25%	1982	25,000	20,000
Quebec, Province of	9.25%	1976	100,000	103,000
" " " " " "	9.25%	1977	100,000	103,000
" " " " " "	6.0%	1982	10,000	8,050
" " " " " "	5.25%	1984	25,000	17,750
" " " " " "	6.0%	1988	100,000	73,620
Québec Telephone	5.75%	1983	35,000	25,200
" " " " " "	7.0%	1989	50,000	40,000
" " " " " "	9.125%	1991	100,000	100,500
Rolland Paper Co. Ltd.	5.75%	1984	25,000	18,750
Royal Trust Company Mortgage Corporation	5.75%	1981	25,000	18,250
" " " " " "	5.75%	1985	25,000	18,000
" " " " " "	6.0%	1985	25,000	18,500
RoyNat Ltd.	6.0%	1979	50,000	41,000
" " " " " "	5.5%	1980	25,000	19,000
" " " " " "	6.0%	1980	25,000	20,063
" " " " " "	6.25%	1980	25,000	20,625
Saskatchewan, Province of	5.5%	1982	25,000	21,250
" " " " " "	5.5%	1984	50,000	41,750
Shell Canada Ltd.	5.75%	1983	25,000	19,125
Shell Properties Ltd.	5.75%	1982	24,000	18,000
Simpsons Acceptance Co. Ltd.	6.75%	1986	50,000	38,500
Simpsons, Limited	6.5%	1987	25,000	19,000
Simpson's-Sears Acceptance Co. Ltd.	6.25%	1986	75,000	55,500
" " " " " "	7.0%	1986	50,000	40,500
Steel Company of Canada Ltd.	5.875%	1990	50,000	34,500
" " " " " "	9.25%	1990	100,000	105,500
Steinberg's Limited	5.75%	1984	25,000	18,000
" " " " " "	6.625%	1986	50,000	39,000
Toronto-Dominion Bank	7.0%	1987	25,000	21,250
Toronto-Dominion Centre Ltd.	8.0%	1993	85,000	77,350
Toronto, Municipality of Metropolitan	4.5%	1976	25,000	21,750
" " " " " "	5.5%	1982	25,000	20,438
Traders Finance Corporation Ltd.	5.75%	1981	25,000	18,250
Union Gas Company of Canada Ltd.	5.75%	1983	25,000	18,375
" " " " " "	7.0%	1987	50,000	41,000
Westcoast Transmission Co. Ltd.	5.5%	1988	25,000	17,250
Victoria and Grey Trust Co.	8.5%	1975	10,000	10,000
George Weston Limited	5.5%	1983	15,000	10,950
" " " " " "	6.75%	1986	25,000	19,500
" " " " " "	6.75%	1987	50,000	43,500
Woodbine-Sheppard Shopping Centre Ltd.	8.125%	1993	35,000	30,800
Zeller's Limited	7.0%	1986	60,000	51,000
			\$7,586,600	\$6,624,787

La Garantie, Compagnie d'Assurance de l'Amérique du Nord

ETAT DE PROFITS ET PERTES POUR L'ANNEE TERMINEE LE 31 DECEMBRE 1970

(avec chiffres comparatifs pour 1969, 1968, 1967 et 1966)

1970	1969	1968	1967	1966
\$7,455,000	\$6,568,804	\$5,017,349	\$2,993,942	\$2,151,972
Augmentation de la provision pour primes non gagnées				
Primes nettes gagnées	878,201	905,697	478,936	133,498
Réclamations et frais de réclamations	6,934,860	4,111,652	2,515,006	2,018,474
Frais généraux d'exploitation, y compris les commissions	4,736,725	3,513,040	1,962,414	955,487
Augmentation (diminution) de la provision spéciale pour garantie de cautions	3,070,065	2,902,665	2,292,134	1,514,128
(PERTE) PROFITS D'EXPLOITATION	7,892,909	4,237,899	2,468,225	1,863,232
Revenu net de placements	617,407	543,160	373,398	326,523
(Perte) profit de l'année avant impôts sur le revenu	(958,049)	(767,968)	(126,247)	46,781
Impôts sur le revenu (Note 2)	(340,642)	(224,808)	247,151	373,304
Profit sur la vente des actions de la compagnie filiale	—	—	—	—
(PERTE NETTE) PROFIT NET DE L'ANNEE ..	(340,642)	(224,808)	332,829	372,976
PERTE NETTE	—	—	85,678	—
(PERTE NETTE) PROFIT NET DE L'ANNEE ..	(340,642)	(224,808)	247,151	372,976
Profit sur la vente des actions de la compagnie	—	—	—	—
Augmentation (diminution) de la provision spéciale pour garantie de cautions	86,119	42,866	(16,649)	(1,390)
(PERTE) PROFITS D'EXPLOITATION	7,892,909	4,237,899	2,468,225	1,863,232
Revenu net de placements	617,407	543,160	373,398	326,523
(Perte) profit de l'année avant impôts sur le revenu	(958,049)	(767,968)	(126,247)	46,781
Impôts sur le revenu (Note 2)	(340,642)	(224,808)	247,151	373,304
Profit sur la vente des actions de la compagnie	—	—	—	—
(PERTE NETTE) PROFIT NET DE L'ANNEE ..	(340,642)	(224,808)	332,829	372,976
PERTE NETTE	—	—	85,678	—
(PERTE NETTE) PROFIT NET DE L'ANNEE ..	(340,642)	(224,808)	332,829	372,976

1970	1969	1968	1967	1966
\$2,191,563	\$2,971,719	\$2,743,738	\$2,699,339	\$2,563,290
(Perte nette) profit net de l'année	(340,642)	(224,808)	332,829	372,976
Vire de la réserve volontaire pour retraite	—	13,000	55,500	—
Viré à la réserve de placements	1,850,921	2,759,911	3,141,971	2,936,266
Dividendes	40,116	448,000	300,000	200,000
Régularisation des bénéfices et des taxes des années antérieures	—	—	—	(43,305)
Frais de constitution de la filiale des Etats-Unis ..	—	—	18,001	—
SOLDE A LA FIN DE L'ANNEE ..	\$1,810,805	\$2,191,563	\$2,971,719	\$2,699,339
(Perte nette) profit net par action	\$(2.55)	\$(1.68)	\$2.49	\$2.89
Payé par action	0.30	0.90	0.90	0.60

NOTES AUX ETATS FINANCIERS POUR L'ANNEE TERMINEE LE 31 DECEMBRE 1970

NOTE 1. Prix du marché des valeurs tel que déterminé par le Département des Assurances du Canada au 31 décembre:

1966	\$5,665,409
1967	6,127,985
1968	7,594,982
1969	8,206,563
1970	8,898,463

NOTE 2. La perte pour fins d'impôts de l'année courante de \$675,000 résulte en partie de la réclamation d'une provision pour primes non gagnées supérieure au montant enregistré aux livres. Les pertes disponibles pour compenser un revenu imposable totalisent environ \$1,270,000, dont un montant de \$595,000 échéant en 1974 et un autre de \$675,000 échéant en 1975. Le montant accumulé des impôts sur le revenu reportés résultant de la réclamation pour fins d'impôts de provisions pour primes non gagnées supérieures aux montants enregistrés aux livres est d'environ \$522,000.

RAPPORT DES VÉRIFICATEURS

Aux actionnaires de
La Garantie, Compagnie d'Assurance
de l'Amérique du Nord

Nous avons examiné le bilan de La Garantie, Compagnie d'Assurance de l'Amérique du Nord au 31 décembre 1970 ainsi que l'état de profits et pertes et l'état du surplus d'exploitation de l'année terminée à cette date. Notre examen a comporté une revue générale des procédés comptables ainsi que les sondages des registres comptables et autres preuves à l'appui que nous avons jugés nécessaires dans les circonstances. A notre avis, ces états financiers présentent fidèlement la situation financière de la compagnie au 31 décembre 1970, ainsi que les résultats de son exploitation pour l'année terminée à cette date, suivant les principes et pratiques comptables conformes aux lois des assurances du Canada, lesquels ont été appliqués de la même manière qu'au cours de l'année précédente.

Le 26 février 1971

RIDDELL, STEAD & CIE.

La Barantie, Compagnie d'Assurance de l'Amérique du Nord

BILAN AU 31 DÉCEMBRE 1970
(avec chiffres comparatifs pour 1969 et 1968)

	1970	1969	
Actif			
En caisse	\$ 115,695	\$ 98,976	\$ 125,419
Fonds en fiduciaire	255,232	279,161	154,043
Valuers négociables au prix coûtant (Note 1)	10,259,462	9,387,717	8,261,745
Intérêt couru à recevoir	163,039	120,007	105,098
Prêts hypothécaires	281,819	352,010	393,202
Primes à recevoir	1,213,109	1,068,455	866,400
Dû des réassureurs et autres compagnies d'assurances	206,616	174,650	43,888
Mobilier, agencement et automobiles au prix coûtant moins amortissement accumulé	46,305	42,354	42,063
Divers comptes à recevoir	225,924	35,878	11,956
	<u>\$12,767,201</u>	<u>\$11,559,208</u>	<u>\$10,003,814</u>
Passif			
Capital bancaire	\$ 327,000	\$ 250,000	\$ —
Provision pour réclamations en cours et frais de réclamations (y compris provision pour réclamations non rapportées)	3,733,961	2,524,236	1,857,092
Provision spéciale pour garantie de cautions	299,285	213,166	170,300
Emprunts et autres taxes	37,127	41,245	46,482
Dépôts des réassureurs détenus en fiduciaire	255,232	279,161	154,043
Autres dettes	337,337	613,525	671,067
Provision pour primes non gagnées	4,010,854	3,490,712	2,612,511
	<u>9,000,796</u>	<u>7,412,045</u>	<u>5,511,495</u>
Capital et Surplus			
Capital actions			
Autorisé			
200,000 actions de \$5 chacune			
Emis			
133,720 actions	668,600	668,600	668,600
Surplus d'exploration	1,810,805	2,191,563	2,971,719
Reserve pour placements et autres éventualités	1,248,000	1,248,000	800,000
Reserve volontaire pour fonds de retraite des employés retraités antérieurement à l'incception du régime de retraite de la compagnie	39,000	39,000	52,000
	<u>\$12,767,201</u>	<u>\$11,559,208</u>	<u>\$10,003,814</u>

Par ordre du Conseil

James A. ... Directeur
Ernest ... Directeur

AUX ACTIONNAIRES:

Le Conseil d'Administration a le plaisir de vous présenter le quatre-vingt-dix-huitième rapport annuel de la Compagnie, ainsi que l'état financier examiné par les vérificateurs pour l'année se terminant le 31 décembre 1970.

L'accroissement continu de votre Compagnie est démontré par l'augmentation de 13% dans le volume des primes et par l'augmentation de 22% dans les primes gagnées, comparé aux chiffres de 1969.

Les indications dans l'industrie montrent que 1970 a été une année difficile, et votre Compagnie a subi la même expérience. Les pertes élevées dans les domaines d'automobile et des biens qui ont été éprouvées en 1969 ont continué durant l'année 1970; elles ont été aussi influencées par la tendance inflationniste. En plus de cette tendance continue défavorable, les services de cautionnement et de fidélité ont subi des pertes anormales, qui ont contribué à la perte d'exploitation.

La décision prise au début de 1970 de porter le portefeuille de placements vers des bons plutôt que des actions s'est montrée opportune. Les placements au prix coûtant ont augmenté par \$801,554 à \$10,541,281. La valeur du marché au 31 décembre 1970 était de \$9,271,437, soit une hausse de \$1,024,402 sur celle de 1969. Après la fin de l'année l'amélioration importante dans le marché des bons a en plus relevé le portefeuille. Un rendement plus élevé sur des placements obtenu, en partie, pendant l'année, sera réalisé plus complètement en 1971.

Au mois de juin votre Compagnie a perdu les services estimés d'un membre du Conseil du fait du décès de M. D. W. McLean, M. C. Monsieur McLean avait donné des conseils sages à la Compagnie pendant de nombreuses années et son absence se fera ressentir. M. J. P. Bassel, C. R. a donné sa démission comme membre du Conseil en juin. Monsieur Bassel avait été un membre du Conseil pendant plusieurs années et s'est toujours intéressé vivement aux affaires de la Compagnie et a beaucoup contribué à celles-ci. Ces deux postes ont été remplis par la nomination de M. R. R. McLellan, F. I. A. C. et M. G. A. Savage, C. A.

Au début de février 1971 M. J. L. Cooke a donné sa démission comme Directeur-Général. Le Conseil a le plaisir d'annoncer la nomination de M. G. A. Savage, C. A. au poste d'Administrateur-Délégué. Monsieur Savage a été Président et Directeur-Général du groupe de Compagnies Duomatic of Canada, et antérieurement il était l'associé principal de la firme de comptables agréés, Waters, Savage, Horne et Ronson de Brantford et Simcoe, Ontario.

L'année à venir est approchée avec confiance, et nous continuerons tous nos efforts pour réduire le facteur de dépenses et améliorer l'efficacité et le service, ce qui mettra la Compagnie dans une position beaucoup plus améliorée en 1971.

G. W. Millar,
Président.

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G. A. SAVAGE, C. A. *Administrateur-Délégué*

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G. G. MILNES *Contrôleur*

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MILDRED L. JONES *Assistante Secrétaire*

D. M. CHADWICK *Tresorier*

PROCUREURS: Doheny, Day, Mackenzie & Lawrence

AUDITEURS: Riddell, Stead & Cie.

La Garantie, Compagnie d'Assurance de l'Amérique du Nord

Quatre-vingt-dix-huitième rapport annuel
du conseil administratif de

à l'assemblée générale annuelle des actionnaires
jeudi, le 1 avril 1971

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La Garantie, Compagnie d'Assurance de l'Amérique du Nord

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MONTREAL 101 - QUE.

ADMINISTRATEUR-DÉLÉGUÉ

GEORGE A. SAVAGE, C. A.

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M. L. JONES - Fidélité
J. A. LAPIERRE Réclamations
G. G. MILNES Comptabilité
A. SEMERJIAN Service des biens
B. SOUCHEREAU, A.I.A.C. Automobile, Responsabilité
Risques Multiples

INSPECTEURS AU SIÈGE SOCIAL

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B. HOLLINGSWORTH
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QUÉBEC

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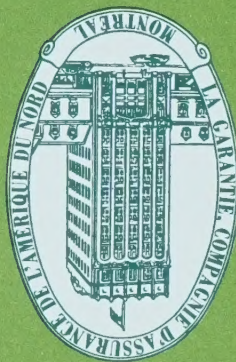
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**La Garantie, Compagnie d'Assurance
de l'Amérique du Nord**

Incorporée en 1851

Détenant une Charte Fédérale depuis 1872



SIÈGE SOCIAL

MONTREAL

Fidélité et Caution

Incendie, Automobile et Casualité

La Compagnie innovatrice de l'Assurance Fidélité en Amérique du Nord

QUATRE-VINGT-DIX-HUITIÈME RAPPORT ANNUEL

1970